

**SOUTH IOWA AREA CRIME COMMISSION**

**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS AND**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2005**

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## **SOUTH IOWA AREA CRIME COMMISSION**

### **Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Steve McCoy	Executive Director	
Max Proctor	Chairman	Davis County
Willie Van Weelden	Vice Chairman	Mahaska County
Jerry Parker	Secretary/Treasurer	Wapello County
Dean Kaster	Member	Appanoose County
Edgar Blow	Member	Des Moines County
Richard Reed	Member	Jefferson County
Ernie Griener	Member	Keokuk County
Larry Kruse	Member	Lee County
David Wilson	Member	Louisa County
Cathy Reece	Member	Lucas County
Paul Koffman	Member	Monroe County
Bill Randolph	Member	Van Buren County
Amy Sinclair	Member	Wayne County

**SOUTH IOWA AREA CRIME COMMISSION**



### Independent Auditor's Report

To the Board of Directors of the  
South Iowa Area Crime Commission  
Fairfield, Iowa

I have audited the accompanying financial statements of the governmental activities and each major fund of the South Iowa Area Crime Commission as of and for the year ended June 30, 2005, which collectively comprise the Commission's basic financial statements listed in the table of contents. These financial statements are the responsibility of the South Iowa Area Crime Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

As described in Note 1, these financial statements are prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the South Iowa Area Crime Commission as of and for the year ended June 30, 2005 and the respective changes in cash basis financial position for the year then ended with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated November 9, 2005 on my consideration of the South Iowa Area Crime Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance with the results of that testing and not to

provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information of pages 8 through 10 and 19 through 20 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion thereon.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Iowa Area Crime Commission's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,

*Ann M. Menke*

Ann M. Menke  
Certified Public Accountant  
Professional Corporation  
November 9, 2005

## **SOUTH IOWA AREA CRIME COMMISSION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The South Iowa Area Crime Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities of the South Iowa Area Crime Commission is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

### **2005 FINANCIAL HIGHLIGHTS**

- The Commission's operating receipts decreased 10.6%, or approximately \$58,216, from fiscal 2004 to fiscal 2005.
- The Commission's operating disbursements decreased 6.2%, or approximately \$27,653, from fiscal 2004 to fiscal 2005.
- The Commission's net assets decreased approximately \$37,312, or 11.3%, from June 30, 2004 to June 30, 2005.

### **USING THIS ANNUAL REPORT**

The Commission has elected to present its financial statements on a cash basis of accounting. The cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting refers to when financial events are recorded, such as timing for recognizing revenues, expenses and the related assets and liabilities. Under the Commission's cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Commission's cash basis accounting.

This discussion and analysis are intended to serve as an introduction the South Iowa Area Crime Commission's basic financial statements. The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statement of Activities and Net Assets – Cash Basis presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.



The Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

## FINANCIAL ANALYSIS OF THE COMMISSION

### *Statement of Activities and Net Assets – Cash Basis*

The purpose of the statement is to present the receipts received by the Commission and the disbursements paid by the Commission, both operating and non-operating. Operating receipts consist of county assessments, county transport fees, and other reimbursements. Operating disbursements are disbursements paid to operate the South Iowa Area Crime Commission. Non-operating receipts and disbursements are for interest on investments, capital purchases and membership rebates.

	Year ended June 30,	
	2005	2004
Operating receipts:		
County assessments	\$ 176,993	\$ 223,183
County transport fees	270,232	274,252
Other reimbursements	45,273	53,279
Total operating receipts	492,498	550,714
Operating disbursements:		
Salaries and benefits	265,774	301,362
Payroll taxes	20,362	20,835
Dues and subscriptions	1,925	1,995
Insurance	17,124	17,440
Office expense	6,058	5,652
Professional fees	38,277	33,793
Repairs and maintenance	40,118	32,659
Telephone	9,693	10,167
Travel and transport expenses	14,106	15,448
Utilities	2,128	3,867
Total disbursements	415,565	443,218
Excess of operating receipts Over operating disbursements	76,933	107,496
Non-operating receipts (disbursements):		
Interest income	5,274	2,342
Capital purchases	-26,649	-51,173
Membership rebate	-92,870	-87,481
Net non-operating disbursements	-114,245	-136,312
Change in cash basis net assets	-37,312	-28,816
Net assets-cash basis beginning of year	329,213	358,029
Cash basis net assets end of year	\$ 291,901	\$ 329,213

The Commission's operating receipts decreased 10.6%, or approximately \$58,216, from fiscal 2004 to fiscal 2005. This decrease was primarily the result of the timing of county assessment payments.

The Commission's operating disbursements decreased 6.2%, or approximately \$27,653, from fiscal 2004 to fiscal 2005. This decrease was primarily due to decreases in salaries and benefits.

The Commission's net assets decreased approximately \$37,712, or 11.3%, from June 30, 2004 to June 30, 2005.

## **ECONOMIC FACTORS**

A review of the fiscal year budget for the Crime Commission showed actual operating income exceeded expectations by \$36,054, but both operating receipts and operating expenditures were less than projected. Additional expenses beyond the normal operating budget included \$38,668 for the fourth consecutive 20% rebate back to member counties.

The current financial status of the organization indicates financial assets total approximately \$138,950.

Current and upcoming projects for the Crime Commission include jail policies and procedures, fire evacuation training, and jail audits, all of which are the cornerstones of each county's lawsuit avoidance program. Three 20-hour jail schools were conducted in the fall of 2005: September in Burlington; October in Ottumwa; and November in Chariton.

A review of the fiscal year Juvenile Project budget showed actual operating income up from expectations by approximately \$31,812, while normal operating expenditures were \$41,645 less than projected. Revenues were also \$9,833 less than projected. Additional expenses beyond the normal operating budget included vehicle purchases/replacements of \$26,200, and a 20% rebate of \$54,202 for member county transport expenses.

The current financial status of the Juvenile Project indicates total financial assets are approximately \$152,951.

A review of the summary of transports, transport administrative cost history, vehicle fuel/maintenance cost summary, and vehicle repayment figures report showed a productive and successful year, both operationally and fiscally for the Juvenile Project. This past fiscal year showed a total of 1,537 transports. A look at the administrative costs shows that the goal of keeping this at or near \$50 was not met due to the high cost of fuel (\$54.01). Vehicle operating costs are still within an allowable range, although unstable and sporadic spikes in fuel costs have caused some vehicles to go above the \$.05 per mile allowance.

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our members, taxpayers, customers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve McCoy, Executive Director, South Iowa Area Crime Commission, 212 Glasgow Road, Fairfield, Iowa, 52556.

## **BASIC FINANCIAL STATEMENTS**

**SOUTH IOWA AREA CRIME COMMISSION**  
**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS**  
**As of and for the Year Ended June 30, 2005**

	General Operating	Alternative Juvenile Detention Project	Total
Operating receipts:			
County assessments	\$ 176,993	\$ -	\$ 176,993
County transport fees		270,232	270,232
Other reimbursements	40,338	4,935	45,273
Total operating receipts	<u>217,331</u>	<u>275,167</u>	<u>492,498</u>
Operating disbursements:			
Salaries and benefits	134,567	131,207	265,774
Payroll taxes	10,171	10,191	20,362
Dues and subscriptions	1,925	-	1,925
Insurance	3,294	13,830	17,124
Office expense	3,756	2,302	6,058
Professional fees	15,898	22,379	38,277
Repairs and maintenance	538	39,580	40,118
Telephone	1,729	7,964	9,693
Travel and transport expenses	5,369	8,737	14,106
Utilities	1,122	1,006	2,128
Total operating disbursements	<u>178,369</u>	<u>237,196</u>	<u>415,565</u>
Excess of operating receipts over operating disbursements	<u>38,962</u>	<u>37,971</u>	<u>76,933</u>
Non-operating receipts (disbursements):			
Interest income	2,847	2,427	5,274
Capital purchases	(449)	(26,200)	(26,649)
Membership rebate	(38,668)	(54,202)	(92,870)
Net non-operating disbursements	<u>(36,270)</u>	<u>(77,975)</u>	<u>(114,245)</u>
Change in cash basis net assets	2,692	(40,004)	(37,312)
Net assets - cash basis beginning of year	<u>136,258</u>	<u>192,955</u>	<u>329,213</u>
Net assets - cash basis end of year	<u>\$ 138,950</u>	<u>\$ 152,951</u>	<u>\$ 291,901</u>

See notes to financial statements.

**SOUTH IOWA AREA CRIME COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The South Iowa Area Crime Commission was formed under Chapter 28E of the Code of Iowa as a planning Commission for Southern Iowa counties to provide centralized administration and coordinate planning efforts for crime prevention programs, criminal justice programs, jail planning and procedures, and other related programs under the direction of the member counties.

The governing body of the Commission is composed of one representative from each of the thirteen member counties. The member counties are: Appanoose, Davis, Des Moines, Jefferson, Keokuk, Lee, Louisa, Lucas, Mahaska, Monroe, Van Buren, Wapello, and Wayne. The commissioners are appointed by the participating political subdivisions and each has one vote.

**A. Reporting Entity**

For financial reporting purposes, the South Iowa Area Crime Commission has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The South Iowa Area Crime Commission has no component units which meet the Governmental Accounting Standards Board criteria.

**Jointly Governed Organizations**

Several members of the Commission's board of directors are also board members of the South Iowa Area Detention Service Agency, which is a jointly governed organization since it provides services to the member counties of the Commission but does not meet the criteria of a joint venture.

**B. Basis of Presentation**

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of receipts, disbursements, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**SOUTH IOWA AREA CRIME COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Basis of Presentation (continued)

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

South Iowa Area Crime Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statement does not present the financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

D. Assets and Net Assets

The following accounting policies are followed in preparing the Statement of Activities and Net Assets – Cash Basis.

Cash Equivalents – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

E. Budgets, Budgetary Accounting, and Project Funding

The Commission annually adopts a budget on the cash basis in December of the year preceding the budget year. The annual budget may be amended during the year upon approval of the Commission's executive committee.

Formal budgetary control is based upon two major classes of expenditures. These are general operating expenditures and Alternative Juvenile Detention Project expenditures.

The Commission's general operating budget is funded primarily by annual assessments of member counties. The Alternative Juvenile Detention Project budget is funded primarily by assessments to counties for actual juvenile transport costs and administrative costs.

**SOUTH IOWA AREA CRIME COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

**NOTE 2 – CASH AND INVESTMENTS**

The Commission's deposits in banks at June 30, 2005 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposits or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had deposits in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$275,766 at June 30, 2005 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk – The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Commission.

Credit risk – The Commission's investment in the Iowa Public Agency Investment Trust is unrated.

**NOTE 3 – PENSION AND RETIREMENT BENEFITS**

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Commission is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$13,439, \$14,860, and \$13,794, respectively, equal to the required contribution for each year.

**SOUTH IOWA AREA CRIME COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

**NOTE 4 – COMPENSATED ABSENCES**

Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Unused vacation hours are paid upon termination, retirement, or death. Employees accumulate sick leave up to a maximum of 90 days. If not used this sick leave is lost upon termination, retirement, or death. The Commission's approximate liability for earned vacation and sick leave payable to employees at June 30, 2005, is \$9,364 and \$58,615 respectively. This liability has been computed based on rates of pay as of June 30, 2005.

**NOTE 5 – RISK MANAGEMENT**

The Commission is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's annual contributions to the Pool for the year ended June 30, 2005 were \$11,961.



**SOUTH IOWA AREA CRIME COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2005**

**NOTE 5 – RISK MANAGEMENT (CONTINUED)**

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pools' intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation. The Commission assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## **SUPPLEMENTAL INFORMATION**

**SOUTH IOWA AREA CRIME COMMISSION**  
**COMPARISON OF RECEIPTS AND DISBURSEMENTS**  
**ACTUAL TO BUDGET - GENERAL OPERATING**  
**For the Year Ended June 30, 2005**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County assessments	\$ 176,993	\$ 203,339	\$ (26,346)
Other reimbursements	40,338	38,487	1,851
Total operating receipts	<u>217,331</u>	<u>241,826</u>	<u>(24,495)</u>
Operating disbursements:			
Salaries and benefits	134,567	181,911	47,344
Payroll taxes	10,171	12,907	2,736
Dues and subscriptions	1,925	2,000	75
Insurance	3,294	5,500	2,206
Office expense	3,756	5,000	1,244
Professional fees	15,898	17,200	1,302
Repairs and maintenance	538	2,000	1,462
Telephone	1,729	2,000	271
Travel and transport expenses	5,369	7,900	2,531
Utilities	1,122	2,500	1,378
Total operating disbursements	<u>178,369</u>	<u>238,918</u>	<u>60,549</u>
Excess of operating receipts over operating disbursements	<u>38,962</u>	<u>2,908</u>	<u>36,054</u>
Non-operating receipts (disbursements):			
Interest income	2,847	750	2,097
Capital purchases	(449)	(2,500)	2,051
Membership rebate	<u>(38,668)</u>	<u>-</u>	<u>(38,668)</u>
Net non-operating disbursements	<u>(36,270)</u>	<u>(1,750)</u>	<u>(34,520)</u>
Excess/(deficiency) of receipts over disbursements	<u>\$ 2,692</u>	<u>\$ 1,158</u>	<u>\$ 1,534</u>

See accompanying notes.

**SOUTH IOWA AREA CRIME COMMISSION**  
**COMPARISON OF RECEIPTS AND DISBURSEMENTS**  
**ACTUAL TO BUDGET - ALTERNATIVE JUVENILE DETENTION PROJECT**  
**For the Year Ended June 30, 2005**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County transport fees	\$ 270,232	\$ 275,000	\$ (4,768)
Other reimbursements	4,935	10,000	(5,065)
Total operating receipts	<u>275,167</u>	<u>285,000</u>	<u>(9,833)</u>
Operating disbursements:			
Salaries and benefits	131,207	168,658	37,451
Payroll taxes	10,191	11,687	1,496
Insurance	13,830	12,160	(1,670)
Office expense	2,302	2,000	(302)
Professional fees	22,379	24,236	1,857
Repairs and maintenance	39,580	37,600	(1,980)
Telephone	7,964	9,850	1,886
Travel and transport expenses	8,737	10,150	1,413
Utilities	1,006	2,500	1,494
Total operating disbursements	<u>237,196</u>	<u>278,841</u>	<u>41,645</u>
Excess of operating receipts over operating disbursements	<u>37,971</u>	<u>6,159</u>	<u>31,812</u>
Non-operating receipts (disbursements):			
Interest income	2,427	1,150	1,277
Capital purchases	(26,200)		(26,200)
Membership rebate	(54,202)	-	(54,202)
Net non-operating disbursements	<u>(77,975)</u>	<u>1,150</u>	<u>(79,125)</u>
(Deficiency)/excess of receipts over disbursements	<u>\$ (40,004)</u>	<u>\$ 7,309</u>	<u>\$ (47,313)</u>

See accompanying notes.

**SOUTH IOWA AREA CRIME COMMISSION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors of the  
South Iowa Area Crime Commission

I have audited the accompanying financial statements of the governmental activities and each major fund of the South Iowa Area Crime Commission as of and for the year ended June 30, 2005, which collectively comprise the Commission's basic financial statements listed in the table of contents and have issued my report thereon dated November 9, 2005. My report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the South Iowa Area Crime Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the South Iowa Area Crime Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item 2005-I-A is a material weakness. Prior year reportable conditions have been resolved except for item 2004-I-A.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Iowa Area Crime Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the South Iowa Area Crime Commission's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the South Iowa Area Crime Commission. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the South Iowa Area Crime Commission and other parties to whom the South Iowa Area Crime Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the South Iowa Area Crime Commission during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Sincerely,

*Ann M. Menke*

Ann M. Menke  
Certified Public Accountant  
Professional Corporation  
November 9, 2005



**SOUTH IOWA AREA CRIME COMMISSION  
SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2005**

**Part I: Findings Related to the Financial Statements:**

**REPORTABLE CONDITIONS:**

2005-I-A:

Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted the same individual who prepares the bank deposits may also prepare billings, maintain cash receipts and accounts receivable records, prepare checks, and record disbursements in the accounting record.

Recommendation – I realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should continue to review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – Due to the limited number of office employees, segregation of duties is difficult. However, we will continue to have the manager and other staff, where appropriate, review receipts, invoices and bill payments, and payroll as much as possible.

Conclusion – Response accepted.

**Part II: Other Findings Related to Statutory Reporting:**

2005-II-A

Official Depositories – A resolution naming official depositories has been approved by the Commission. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

2005-II-B

Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2005-II-C

Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.

2005-II-D

Business Transactions – No business transactions between the Commission and Commission officials or employees were noted.

**SOUTH IOWA AREA CRIME COMMISSION**  
**SCHEDULE OF FINDINGS**  
**For the Year Ended June 30, 2005**

**Part II: Other Findings Related to Statutory Reporting: (Continued)**

2005-II-E

Bond Coverage – Surety bond coverage of Commission officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

2005-II-F

Commission Meetings – No transactions were found that I believe should have been approved in the Commission minutes but were not.

2005-II-G

Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission's investment policy were noted.

## **SOUTH IOWA AREA CRIME COMMISSION**

### **Audit Staff**

The audit was performed by:

Ann M. Menke, CPA  
Carol Ross, CPA  
Betty Thomas, CPA